SCHEME OF ARRANGEMENT

BETWEEN

WELSPUN STEEL LIMITED ("THE DEMERGED COMPANY" OR "WSL")

AND

WELSPUN CORP LIMITED ("THE RESULTING COMPANY" OR "WCL")

AND

THEIR RESPECTIVE SHAREHOLDERS

(Under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013)

A. Preamble and Background of the Scheme:

1. This Scheme of Arrangement ("**Scheme**") is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, rules and regulations made thereunder between Welspun Steel Limited having CIN: U27109GJ2004PLC044249 ("the **Demerged Company**" or "**WSL**") and Welspun Corp Limited having CIN: L27100GJ1995PLC025609 ("the **Resulting Company**" or "**WCL**") for transfer and vesting of the Demerged Undertaking (as defined below) of WSL into WCL with effect from the Appointed Date (hereinafter defined), and upon effectiveness of the Scheme on the Effective Date (hereinafter defined).

2. This Scheme also provides for various other matters consequential or otherwise integrally connected herewith, in the manner provided for in this Scheme and in compliance with the relevant provisions of the Income Tax Act, 1961.

3. The Demerged Company is a public limited company, incorporated on 3 June 2004 under the provisions of the Companies Act, 1956, has its registered office situated

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at S N 650 Village Varsamedi, Taluka Anjar, District- Kutch, Gujarat- 370110 and is *inter alia* engaged in the business of manufacturing and sale of sponge iron, steam, other by-products and trading of TMT and rail tracks sleepers.

4. The Resulting Company is a public limited company, incorporated on 26 April 1995, under the provisions of the Companies Act, 1956, has its registered office situated at Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat - 370110 and is *inter alia* engaged in the business of manufacturing of steel pipes of various dimensions & thickness, coated & uncoated having application in water, oil & gas and other liquid transportation pipelines. The equity shares of the Resulting Company are listed on the National Stock Exchange of India Limited and the BSE Limited, Mumbai.

5. The Demerged Undertaking of the Demerged Company is proposed to be demerged and vested into the Resulting Company in conformity with the provisions of Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date, including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Tax Act, 1961 shall prevail, and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income tax Act, 1961. Such modification(s), will, however, not affect the other provisions of the Scheme including accounting treatment prescribed under Clause 12 of this Scheme.

B. <u>Rationale for the Scheme</u>

The Board of Directors of the Demerged Company and the Resulting Company, after intensive deliberations, recommended that this is the right time to demerge and separate

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the business of the Demerged Undertaking from the Demerged Company into the Resulting Company with an expectation to simplify the group structure and to achieve the following synergies for the group:

Since the business of the Demerged Undertaking will supplement the business of the Resulting Company, the consolidation of the Demerged Undertaking with the business of the Resulting Company is expected to provide *inter-alia* the following benefits:

a. The consolidation will result in earning predictability, stronger revenue and improved competitiveness, with diversification in product portfolio thereby reducing business risks for mutual benefit of the shareholders. This will result in strong presence across market segments, provide access to new markets and product offerings. Further, the operations of the Demerged Undertaking could have access to the Resulting Company's marketing capabilities.
b. Greater economies of scale and will provide a larger and stronger base for potential future growth;
c. Consolidation and simplification of the group structure;
d. reduction in overheads, administrative, managerial and other expenditure;
e. operational rationalization and increase in operating efficiency; and
f. synergistic benefits, expansion and acquisition opportunities.

There is no adverse effect of the Scheme on the directors, key managerial personnel, promoters, non-promoter shareholders, creditors, vendors and employees of the Demerged Company and the Resulting Company. The Scheme would be in the best interest of all stakeholders.

Taking the above background into consideration, Scheme has been recommended involving the following:

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1. The Demerged Undertaking of the Demerged Company i.e. WSL be demerged and vested into the Resulting Company i.e. WCL, on a going concern basis with effect from the Appointed Date.

2. The Residual Undertaking of the Demerged Company, shall continue to be vested in the Demerged Company.

C. Parts of the Scheme:

The Scheme is divided into following parts:

a. **Part A** deals with the Definitions and Share Capital;

b. **Part B** deals with the demerger of the Demerged Undertaking of WSL into WCL in accordance with Section 230-232 of the Companies Act, 2013 and other applicable provisions of the said Act and the rules enacted thereunder and in compliance with Section 2(19AA) of the Income Tax Act, 1961.;

c. **Part C** deals with the General Terms and Conditions.

PART A: DEFINITIONS AND SHARE CAPITAL

1. In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

1.1 **"Act" or "the Act"** means the Companies Act, 2013, the rules and regulations made thereunder and will include any statutory modifications, amendments or re-enactment framed thereunder as in force from time to time;

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1.2 **"Applicable Law"** means any applicable statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority, including any statutory modification or re-enactment thereof for the time being in force;

1.3 **"Appointed Date"** means April 1, 2021 or such other date as may be approved by the NCLT;

1.4 **"Appropriate Authority"** means any applicable central, state or local government, legislative body, statutory, regulatory, administrative or statutory authority, agency or commission or department or public or judicial body or authority, including, but not limited, to Securities and Exchange Board of India, Stock Exchanges, Regional Director, Registrar of Companies, NCLT and other applicable authorities pursuant to the provisions of Section 230(5) of the Act, as may be relevant in the context;

1.5 **"Board of Directors" or "Board"** in relation to the Demerged Company and the Resulting Company, as the case may be, means the Board of Directors of such company, and unless repugnant to the subject, context or meaning thereof, shall be deemed to include every committee (including any committee of directors) or any person authorized by the Board or by any such committee;

1.6 **"Cumulative Redeemable Preference Shares" or "CRPS"** means Cumulative Redeemable Preference Shares to be issued and allotted by the Resulting Company (with such terms and conditions as specified under Annexure to this Scheme);

1.7 **"Demerged Company" or "WSL"** means Welspun Steel Limited, a company incorporated under the Companies Act, 1956 and having its registered office at S N 650,

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Village Varsamedi, Taluka Anjar Dist Kutch, Gujarat - 370110, India and having Corporate Identification Number: U27109GJ2004PLC044249;

1.8 **"Demerged Undertaking"** shall mean undertaking, business, activities and operations pertaining to steel, specialty steel and thermo mechanical treatment bars manufacturing business carried on by WSL directly or indirectly through its subsidiaries (which includes Welspun Specialty Solutions Limited, Anjar TMT Steel Private Limited etc); investments related to said businesses; and comprising of all the assets (moveable, incorporeal and immoveable) and liabilities which relate thereto, or are necessary therefore and including specifically the following:

(i) all assets, title, properties, interests, investments, loans, advances (including accrued interest) and rights, including rights arising under contracts, wherever located (including in the possession of vendors, third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, exclusively used or held, by the Demerged Company in, or otherwise identified for use in business, activities and operations pertaining to its Demerged Undertaking, including but not limited to all land (other than government land), factory building, equipment, plant and machinery, offices, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, receivables, vehicles, deposits, all stocks, assets, cash, balances with banks, certain identified investments, all customer contracts, contingent rights or benefits, etc., pertaining to its Demerged Undertaking (collectively, the "**Identified Assets**");

(ii) all debts, liabilities (including towards warrants not exercised), guarantees, assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured,

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liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability), or pertaining to the Demerged Undertaking (collectively, "**Identified Liabilities**");

(iii) all contracts, approvals, agreements, licenses, leases, linkages, memoranda of undertakings, memoranda of agreement, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Demerged Company is a party, exclusively relating to the undertaking, business, activities and operations pertaining to its Demerged Undertaking or otherwise identified to be for the benefit of the same, including but not limited to the relevant licenses, water supply/ environment approvals, and all other rights and approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension, all incentives, tax benefits, tax credits (including any credits arising from advance tax, self-assessment tax, other income tax credits, withholding tax credits, minimum alternate tax credits, CENVAT credits, goods and services tax credits, other indirect tax credits and other tax receivables), other claims under tax laws, incentives (including incentives in respect of income tax, sales tax, value added tax, service tax, custom duties and goods and services tax), deferrals, subsidies, concessions, benefits, grants, rights, claims, liberties, special status and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to its Demerged Undertaking, permits, quotas, consents, registrations, lease, tenancy rights in relation to offices and residential properties, permissions, incentives, if any, in relation to its Demerged Undertaking, and all other rights, title, interests, privileges and benefits of every kind in relation to its Demerged Undertaking (collectively, "**Identified Contracts**");

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(iv) all registrations, trademarks, trade names, service marks, copyrights, patents, designs, domain names, applications for trademarks, trade names, service marks, copyrights, designs and domain names exclusively used by or held for use by the Demerged Company in the Demerged Undertaking, (collectively, "**Identified IP**");

(v) all permits, licenses, consents, approvals, subsidies, authorizations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, clearances, credits, awards, sanctions, certifications, easements, tenancies, privileges and similar rights, and any waiver of the foregoing, issued by any legislative, executive, or judicial unit of any Governmental or semi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local, administrative or judicial authority exclusively used or held for use by the Demerged Company in the undertaking, business, activities and operations pertaining to the Demerged Undertaking (collectively, "**Identified Licenses**");

(vi) all such staff, workmen and employees of the Demerged Company, employees/personnel engaged on contract basis and contract labourers and interns/ trainees, both on-shore and off-shore, as are primarily engaged in or in relation to the Demerged Undertaking, business, activities and operations pertaining to the Demerged Undertaking, at its respective offices, branches etc, and any other employees/personnel and contract labourers and interns/trainees hired by the Demerged Company after the date hereof who are primarily engaged in or in relation to the Demerged Undertaking, business, activities and operations pertaining to Demerged Undertaking (collectively, "**Identified Employees**");

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(vii) all liabilities present and future (including contingent liabilities pertaining to or relatable to the Demerged Undertaking), as may be determined by the Board of the Demerged Company;

(viii) all deposits and balances with Government, quasi-Government, municipal, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the Demerged Undertaking;

(ix) all books, records, files, papers, directly or indirectly relating to the Demerged Undertaking; but shall not include any portion of the Remaining Business or Residual Undertaking of WSL; and

(x) any other asset / liability which is deemed to be pertaining to the Demerged Undertaking by the Board of the Demerged Company.

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by mutual consent between the Board of Directors of the Demerged Company and the Resulting Company;

1.9 **"Effective Date" or "coming into effect of this Scheme" or "upon the Scheme becoming effective" or "effectiveness of the Scheme"** means the date on which the conditions specified in Clause 21 of this Scheme are complied with. Any reference in this Scheme to the date of "coming into effect of the/this Scheme" or "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall be construed accordingly;

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1.10 **"Employee Benefit Funds"** means the existing benefits including provident fund, gratuity fund, pension fund, superannuation fund, trusts, retirement fund or benefits and any other funds created or existing for the benefit of the employees;

1.11 **"National Company Law Tribunal" or "Tribunal" or "NCLT"** means the National Company Law Tribunal., Ahmedabad Bench, as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under Section 230 to 232 of the Companies Act, 2013 and having jurisdiction over the Demerged Company and the Resulting Company;

1.12 **"Record Date"** shall be the date to be fixed by the Board of Demerged Company in consultation with the Resulting Company for the purpose of determining the equity shareholders of the Demerged Company for issue of shares pursuant to this Scheme;

1.13 **"Residual Undertaking" or "Remaining Business"** are the terms used to refer the business of the Demerged Company, as would continue immediately after the transfer and vesting of the Demerged Undertaking in the Resulting Company.

1.14 **"Resulting Company"** or **"WCL"** means Welspun Corp Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Welspun City, Village Versamedi, Taluka Anjar, Gujarat - 370110 and having Corporate Identification Number: L27100GJ1995PLC025609;

1.15 **"Scheme"** or **"the Scheme"** or **"this Scheme"** means the Scheme of arrangement in its present form (along with any annexures, schedules, etc., annexed/attached hereto) or with

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any modification(s) and amendments made under Clause 20 of this Scheme from time to time and with appropriate approvals and sanctions as imposed or directed by the NCLT or such other competent authority, as may be required under the Act, as applicable, and under all other applicable laws;

1.16 **"SEBI"** means the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992;

1.17 **"SEBI Scheme Circular"** means the circular issued by the SEBI as may be applicable, including Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and any amendments thereof or modifications issued (consolidated under the circular being SEBI/HO/CFD/DIL1/CIR/P/ 2020/249 dated 22 December 2020) pursuant to the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015;

1.18 **"Stock Exchanges"** means the BSE Limited ('BSE') and/ or wherever applicable, the National Stock Exchange of India Limited ('NSE');

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

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2. INTERPRETATIONS

In the Scheme, unless the context otherwise requires:

2.1 reference to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme;

2.2 references to the singular shall include the plural and vice versa and references to any gender includes the other gender;

2.3 references to a statute or statutory provision include that statute or provision as from time to time modified or re-enacted or consolidated and (so far as liability thereunder may exist or can arise) shall include also any past statutory provision (as from time to time modified or re-enacted or consolidated) which such provision has directly or indirectly replaced, provided that nothing in this Clause shall operate to increase the liability of any party beyond that which would have existed had this Clause been omitted.

2.4 the headings are inserted for ease of reference only and shall not affect the construction or interpretation of the relevant provision of this Scheme.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or made as per Clause 20 of the Scheme, shall be effective from the Appointed Date and shall be operative from the Effective Date.

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4. SHARE CAPITAL

4.1 The Demerged Company:

The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on March 31, 2021 is as under:

Particulars	No. of Shares	Amount in INR
Authorized Capital		
Equity Shares (Face Value of Rs. 10/- each)	76,07,60,000	760,76,00,000
Preference Shares (Face Value of Rs. 10/- each)	30,53,00,000	305,30,00,000
Total		**1066,06,00,000**
Issued, Subscribed and Paid-up		
Equity Shares (Face Value of Rs. 10/- each)	44,78,13,359	447,81,33,590
Total		**447,81,33,590**

Subsequent to the above date and till the date of the Board meeting of the Demerged Company for approval of the Scheme, there is no change in the issued, subscribed and paid-up capital of the Demerged Company.

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4.2 The Resulting Company:

The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on March 31, 2021 is as under:

Particulars	**Amount in INR**
Authorized Capital	
30,41,00,000 Equity shares of Rs. 5 each	1,520,500,000
9,80,00,000 Preference shares of Rs. 10 each	980,000,000
Total	**2,500,500,000**
Issued, Subscribed and Paid-up	
26,08,84,395 Equity shares of Rs. 5 each	1,304,421,975

Subsequent to the above date, the Company has issued and allotted 65,000 Equity Shares of Rs. 5 each fully paid-up upon exercise of Employee Stock Option. Further, the Resulting Company has reserved 23,50,000 stock options under the Welspun Employee Stock Option Plan and granted 23,50,000 stock options at an exercise price of Rs.100 on August 16, 2018, which options will be vested over a period of 3 years with the first vesting date being 1 year from the date of grant of the option (i.e., August 16, 2019). Out of granted options, 1,85,000 options lapsed and 20,85,000 options are yet to be exercised. The exercise of stock options before the Effective Date, under and in accordance with the Welspun Employee Stock Option Plan, would result in an increase in the issued, subscribed and paid-up equity share capital of the Resulting Company.

The Resulting Company allotted 80,000 equity shares upon exercise of ESOP by 2 grantees on March 9, 2020 and April 10, 2021 respectively.

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PART B

DEMERGER OF DEMERGED UNDERTAKING OF WSL INTO WCL

5. TRANSFER AND VESTING OF DEMERGED UNDERTAKING OF THE DEMERGED COMPANY INTO RESULTING COMPANY

5.1 Upon coming into effect of this Scheme and subject to the provisions of this Scheme, with effect from the Appointed Date, the Demerged Undertaking of the Demerged Company shall stand transferred and vested in and/or be deemed to have been transferred and vested in the Resulting Company, as a going concern, without any further deed or act, together with all its assets, liabilities, properties, rights, benefits and interest therein, subject to existing charges thereon in favour of banks and financial institutions or lis pendens or otherwise, as the case may be and shall subject to the provisions of this clause in relation to the mode of transfer and vesting and pursuant to the provisions of the Scheme in accordance with Sections 230 to 232 of the Act and all other applicable provisions of law, if any.

5.2 Without prejudice to the generality of the foregoing, upon the Scheme becoming effective with effect from the Appointed Date, the assets and the properties of the Demerged Company in relation to the Demerged Undertaking shall include, without limitation:

5.2.1 All the Identified Assets, as are movable in nature or are incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery, wherever located, or by vesting and recordal pursuant to this Scheme, the same shall stand transferred and vested by the Demerged Company to the Resulting Company and shall become the property of the Resulting Company as an integral

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part of the Demerged Undertaking. The transfer and vesting pursuant to this sub-clause shall be deemed to have occurred by physical delivery and possession or negotiation and endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly.

5.2.2 All assets, estate, rights, title, interest and authorities acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking shall also stand transferred to and vested in the Resulting Company upon the coming into effect of the Scheme.

5.2.3 All Identified Assets that are other movable properties, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, pursuant to the vesting order and by operation of law become the property of the Resulting Company, and the title thereof together with all rights, interests or obligations therein shall be deemed to have been mutated and recorded as that of the Resulting Company and any document of title pertaining to the assets of the Demerged Undertaking shall also be deemed to have been mutated and recorded as titles of the Resulting Company to the same extent and manner as originally held by the Demerged Company and enabling the ownership, right, title and interest therein as if the Resulting Company was originally the Demerged Company.

5.2.4 any and all immoveable properties (including land together with the buildings and structures standing thereon) of the Demerged Company relating to the Demerged Undertaking, whether leasehold, freehold, under development or otherwise and any documents of title, rights and easements in relation thereto shall stand transferred to and vested in the Resulting Company, without any act or deed done by the

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Demerged Company or the Resulting Company. With effect from the Effective Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay lease rent, ground rent, municipal taxes and fulfil all obligations in relation to or applicable to such immoveable properties and transfer of the leasehold and other rights therein, as applicable, in the name of the Resulting Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the NCLT and this Scheme becoming effective with effect from the Appointed Date, in accordance with the terms hereof without any further act or deed or part of Resulting Company;

5.2.5 The Demerged Company and the Resulting Company, as the case may be, shall at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or novation, other writings or arrangements with any party to any contract or arrangements in relation to the Demerged Undertaking to which the Demerged Company is a party as may be required to formalize the effectiveness of the Scheme. Provided however that execution of any confirmation or novation or other writings or arrangement shall in no event postpone the giving effect to the Scheme from the Appointed Date. The Resulting Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on part of the Demerged Company.

5.2.6 For the purpose of giving effect to the order passed under Sections 230 to 232 of the Companies Act, the Resulting Company shall at any time pursuant to the orders on this Scheme, be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such Demerged Undertaking in the Resulting Company, including without limitation, in relation to assets belonging to

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Demerged Undertaking, the vesting of which in the Resulting Company is desirable to be recorded separately, the Demerged Company and the Resulting Company each will execute such deeds, documents or such other instruments or writings or create evidence, if any, as may be necessary. The Demerged Company and the Resulting Company are jointly and severally authorised to execute any writing as are required to remove any difficulties and carry out any formalities or compliance for the implementation of this Scheme.

5.2.7 For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date all the cheques and other negotiable instruments, payment orders in relation to the Demerged Undertaking which are received or presented for encashment and such collection is made in the name of the Demerged Company, such collection shall without any further act or deed be and stand transferred to the Resulting Company. It is hereby expressly clarified that any legal proceedings by or against the Demerged Company, in relation to or in connection with the Demerged Undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of the Demerged Company shall be instituted, or as the case may be, continued by or against the Resulting Company after the coming into effect of this Scheme.

5.3 With effect from the Appointed Date and upon the Scheme becoming effective:

5.3.1 All Identified Liabilities including debts, liabilities (including the Identified Liabilities), contingent liabilities, duties and obligations of every kind, nature and description, whether provided for or not or disclosed in the books of the Demerged Undertaking, attributable to the Demerged Undertaking, including any license/s

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shall without any further act or deed, be transferred to, or be deemed to be transferred to the Resulting Company so as to become from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and the Resulting Company undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

5.3.2 Where any of the liabilities and obligations attributed to the Demerged Undertaking on the Appointed Date has been discharged by the Demerged Company on behalf of the Demerged Undertaking after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company.

5.3.3 All liabilities and obligations attributed to the Demerged Undertaking, including its unsecured loans taken over by the Resulting Company may be discharged by the Resulting Company in the manner as the Resulting Company may deem fit.

5.3.4 All loans raised and used, and liabilities incurred, if any, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the operations of the Demerged Undertaking shall be transferred and discharged by the Resulting Company.

5.4 All Identified Contracts including contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies) for the purpose of carrying on the business of Demerged Undertaking of the Demerged Company, and in

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relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking of the Demerged Company, or to the benefit of which, Demerged Undertaking of the Demerged Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall by endorsement, delivery or recordal or by operation of law pursuant to the vesting order of NCLT sanctioning the Scheme be deemed to be contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies) of the Resulting Company. Such properties and rights described hereinabove shall stand vested in the Resulting Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Resulting Company. Such contracts and properties described above shall continue to be in full force and continue as effective as hithertofore in favour of or against the Resulting Company and shall be the legal and enforceable rights and interests of the Resulting Company, which can be enforced and acted upon as fully and effectually as if, it were the Demerged Company, as the Resulting Company is and successor in interest. Upon the Scheme becoming effective, the rights, duties, obligations, interests flowing from such contracts and properties, shall be deemed to have been entered in and novated to the Resulting Company by operation of law and the Resulting Company shall be deemed to be its substituted party or beneficiary or obligor thereto. In relation to the same any procedural requirements required to be fulfilled solely by the Demerged Company (and not by any of its successors), shall be fulfilled by the Resulting Company as if it were the duly constituted attorney of the Demerged Company. Upon this Scheme becoming effective and with effect from the Appointed Date, any contract of the Demerged Company relating to or benefiting at present the Demerged Company and the Demerged Undertaking, shall be deemed to constitute separate contracts, thereby relating to and/or benefiting the Resulting Company, respectively.

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5.5 All the Identified Employees shall become employees of and be engaged by the Resulting Company pursuant to the vesting order and by operation of law, with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Demerged Company, without any interruption of service as a result of this hiving-off, without any further act, deed or instrument on the part of the Demerged Company or the Resulting Company. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees, the Resulting Company shall stand substituted for the Demerged Company for all purposes whatsoever, upon the Scheme becoming effective, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by the Demerged Company, in accordance with the provisions of applicable laws or otherwise. It is hereby clarified that upon the Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to such employees and the services of all such employees of the Demerged Company for such purpose shall be treated as having been continuous.

5.6 All Identified IP including registrations, goodwill, licenses, trademarks, service marks, copyrights, domain names, applications for copyrights, trade names and trademarks, appertaining to the Demerged Undertaking of the Demerged Company, if any, shall stand vested in the Resulting Company without any further act, instrument or deed (unless filed only for statistical record with any appropriate authority or Registrar), on the order of the NCLT sanctioning the Scheme. The other intellectual property rights presently held by the Demerged Company, that relates to or benefit at present the Demerged Company and the Demerged Undertaking, shall be deemed to constitute separate intellectual property rights and the necessary substitution/endorsement shall be made and duly recorded in the name of the Demerged Company and the Resulting Company, respectively, by the relevant authorities pursuant to the sanction of this Scheme by NCLT.

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5.7 All Identified Licenses including approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description whatsoever in relation to the Demerged Undertaking of the Demerged Company, or to the benefit of which the Demerged Undertaking of the Demerged Company may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, shall by endorsement, delivery or recordal or by operation of law pursuant to the vesting order of NCLT sanctioning the Scheme, shall be deemed to be approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description of whatsoever nature of the Resulting Company, and shall be in full force and effect in favour of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligor thereto. Such of the other permits, licenses, consents, approvals, authorizations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements, tenancies, privileges and similar rights, and any waiver of the foregoing, as are held at present by the Demerged Company, but relate to or benefitting the Demerged Company and the Demerged Undertaking, shall be deemed to constitute separate permits, licenses, consents, approvals, authorizations, quotas, rights, entitlements, allotments, concessions, exemptions, liberties, advantages, no-objection certificates, certifications, easements, tenancies, privileges and similar rights, and any waiver of the foregoing, and the necessary substitution/endorsement shall be made and duly recorded in the name of the Resulting Company, respectively, by the relevant authorities pursuant to the sanction of this Scheme by NCLT. It is hereby clarified that if the consent of any third party or

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authority is required to give effect to the provisions of this Clause, the said third party or authority shall take on record the drawn up order of NCLT sanctioning the Scheme on its file and make and duly record the necessary substitution or endorsement in the name of the Resulting Company as successor in interest, pursuant to the sanction of this Scheme by NCLT, and upon the Scheme becoming effective in accordance with the terms hereof. For this purpose, the Resulting Company shall file certified copies of such sanction order, and if required file appropriate applications, forms or documents with relevant authorities concerned for statistical, information and record purposes only, and there shall be no break in the validity and enforceability of approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description of whatsoever nature.

5.8 In so far as assets comprised in the Demerged Undertaking of the Demerged Company are concerned, the security, existing charges, mortgages and encumbrances, if any, over or in respect of any of such assets or any part thereof or charge over such assets relating to any loans or borrowings of the Demerged Company which are not transferred to the Resulting Company shall, without any further act or deed (other than the consent of the relevant lenders), be released and discharged from the same and shall no longer be available as security. Further, upon coming into effect of this Scheme, any loan, deposit or facility availed by both the Demerged Company in respect of the Demerged Undertaking and by the Resulting Company shall have security, charge and / or mortgage extended over the assets / class of assets of the Resulting Company including the assets forming part of the Demerged Undertaking as under:

- Working capital lenders shall be secured by 1st *pari-passu* charge on all the current assets and 2nd *pari-passu* charge on all fixed assets in line with the existing charge in

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favour of existing lenders.

- Term loan lenders shall be secured by 1st *pari-passu* charge on all the fixed assets.

Such security, charge and / or mortgage shall be deemed to be carried out as an integral part of this Scheme without any further act or deed on the part of the Resulting Company.

5.9 All the loans, advances and other facilities, including vehicle loans, cash credit limits and bank guarantees sanctioned to the Demerged Company in relation to the Demerged Undertaking, if any, by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances, facilities, bank guarantees sanctioned to the Resulting Company and the said loans and advances, facilities, shall be drawn and utilized either partly or fully by the Demerged Company from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by the Demerged Company in relation to the Demerged Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances bank guarantees and other facilities made available to the Resulting Company and all the obligations of the Demerged Company in relation to the Demerged Undertaking under any loan agreement (save and except as provided in Clause 5.8 above regarding the security, existing charges etc.) shall be construed and shall become the obligation of the Resulting Company without any further act or deed on the part of the Resulting Company.

5.10 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Demerged Undertaking, shall continue in full force and effect against or in favor of the Resulting Company and

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may be enforced effectively by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto.

5.11 The Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, in relation to the Demerged Undertaking, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, other documents or tripartite arrangements with, or in favor of any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall be deemed to be authorized to execute any such writings as a successor of the Demerged Company in relation to the in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Demerged Company.

5.12 All cheques and other negotiable instruments, payment orders received in the name of the Demerged Company in relation to the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company. Similarly, the banker of Resulting Company shall honor cheques issued by the Demerged Company for payment in relation to the Demerged Undertaking after the Effective Date.

6. CLAIMS AND LEGAL PROCEEDINGS

6.1 All the claims or legal proceedings of whatsoever nature by or against the Demerged Company in relation to the Demerged Undertaking, pending before the Effective Date shall not abate or be discontinued or be in any way prejudicially be affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Resulting Company, as the case may be, in the same manner and to the same

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extent as would or might have been continued and enforced by or against the Demerged Company. In the event of any difference or difficulty on whether any specific legal or other proceeding relates to the Demerged Undertaking or not, a certificate jointly issued by the Demerged Company and the Resulting Company as to whether such proceeding relates to the Demerged Undertaking or not shall be conclusive evidence of the matters.

6.2 If proceedings are taken against the Demerged Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of the Resulting Company. The cost of such defense shall be borne by the Resulting Company. The Resulting Company undertake to reimburse and indemnify, the Demerged Company against all liabilities and obligations incurred by the Demerged Company (in relation to the Demerged Undertaking) in respect thereof.

6.3 The Resulting Company undertakes to have all the claims, legal or other proceedings initiated by or against the Demerged Company in respect of matters referred above changed into its name and account and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company to the extent possible.

6.4 The transfer and vesting of the assets, liabilities and obligations of the Demerged Company under Clause 5 above, the continuance of claims and legal proceedings by or against the Resulting Company under Clause 6 hereof shall not affect any transactions or any proceedings already completed by the Demerged Company on and after the Appointed Date to the end and intent that, subject to anything contained to the contrary in this Scheme, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

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6.5 Without prejudice to Clause 6.1 of this Scheme, if the Resulting Company is in receipt of any new demand, claim or notice (as the case may be) ("**Claim**") which results into cash outflow for the Resulting Company and / or is impleaded as a party in any proceedings before any Appropriate Authority which was unknown or undisclosed to the Resulting Company or not in public domain, in relation to the Demerged Undertaking, and pertaining to the period prior to the Appointed Date, the Demerged Company and the Resulting Company shall take all such necessary steps in the proceedings before the Appropriate Authority to replace the Resulting Company with the Demerged Company. However, if the Demerged Company is unable to get the Resulting Company replaced in such proceedings, the Resulting Company and the Demerged Company shall jointly defend the same or deal with such Claim in good faith at the cost and expenses of the Demerged Company and the latter shall fully indemnify and reimburse to the Resulting Company all costs, liabilities and obligations which are incurred by way of actual cash outflow by the Resulting Company in respect thereof. In the event the Resulting Company makes any interim payments, deposits, advance payments or issuance of security/bank guarantees, whether interim or otherwise in respect of such Claim ("**Interim Payment**"), the Demerged Company shall indemnify and reimburse the Resulting Company towards such Interim Payment. Provided that the Resulting Company shall forthwith refund the entire amount paid by the Demerged Company in this regard in the event the Resulting Company receives refund of such Interim Payment from the Appropriate Authority.

6.6 Notwithstanding anything contained to the contrary in this Scheme, the Demerged Company shall not be liable in any manner in respect of: (i) any contractual liabilities or claims or litigation proceedings arising from the same after the expiry of 3 (Three) years from the Appointed Date and; (ii) any statutory or tax related liabilities, claims or legal proceedings arising after the expiry of 7 (Seven) years from the Appointed Date.

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7. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

7.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts (including customer and vendor contracts), deeds, bonds, agreements, memorandum of undertakings, memorandum of agreements, memorandum of agreed points, arrangements, undertakings, deed, bonds and other instruments of whatsoever nature and subsisting or having effect, whether written or otherwise pertaining to the Demerged Undertaking of the Demerged Company, to which the Demerged Company is a party or to, *inter-alia*, the commercial benefits of which the Demerged Company may be eligible and which are subsisting or having effect immediately before the Appointed Date, shall be in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmation or enter into any multipartite agreements, arrangements, confirmations or writings to which the Demerged Company will, if necessary, also be a party in order to give formal effect to the provisions of this clause, if so required or becomes necessary

7.2 The Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions thereof, if so required, under any law or otherwise, shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any multipartite agreement, confirmations or writings to which the Demerged Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary. The Resulting Company shall, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Demerged Company.

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8. STAFF, WORKMEN & EMPLOYEES

8.1 All the employees of the Demerged Undertaking (including the Identified Employees) who are in service on the date immediately preceding the Effective Date shall, on and from the Effective Date become and be engaged as the employees of the Resulting Company, without any break or interruption in service as a result of the transfer and on terms and conditions not less favorable than those on which they are engaged by the Demerged Company immediately preceding the Effective Date. For the purposes of all retirement benefits and all other entitlements for which the employees of the Demerged Undertaking may be eligible, their services shall be taken into account from the date of their respective appointment with the Demerged Company. The Resulting Company further agrees that for the purpose of payment of any retrenchment compensation, if any, such past services with the Demerged Company shall also be taken into account. The services of such employees shall not be treated as having been broken or interrupted for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Demerged Company.

8.2 In so far as the Employee Benefit Funds created for the employees of the Demerged Undertaking by the Demerged Company are concerned, or in respect of which the Demerged Company makes contributions for the such employees of the Demerged Undertaking, upon the Scheme becoming effective, the Resulting Company shall stand substituted for the Demerged Company in respect of such employees so transferred for all purposes whatsoever relating to the administration or operation of such Employee Benefit Funds or trusts or in relation to the obligation to make contribution in accordance with the provisions of such Employee Benefit Funds or trusts as provided in the respective deeds or other documents. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations of the Demerged Company in relation the employees of the Demerged

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Undertaking in respect of such Employee Benefit Funds or trusts shall become those of the Resulting Company. The trustees including the Board of Directors of the Demerged Company and the Resulting Company or through any committee / person duly authorized by the Board of Directors in this regard shall be entitled to adopt such course of action in this regard as may be advised, provided however that there shall be no discontinuation or breakage in the services of the employees of the Demerged Undertaking of the Demerged Company.

8.3 Any disciplinary action initiated by the Demerged Company against any of the employees of the Demerged Undertaking shall have full force, effect and continuity as if it has been initiated by the Resulting Company instead of the Demerged Company.

8.4 With effect from the first of the date of filing of this Scheme with Tribunal and up to and including the Effective Date, the Demerged Company shall not vary or modify the terms and conditions of employment of any of its employees engaged in or in relation to the Demerged Undertaking of the Demerged Company, except with written consent of the Resulting Company.

9. TAXES

9.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, all tax payable by the Demerged Company in relation to the Demerged Undertaking under Income-tax Act 1961, Customs Act, 1962, Goods and Services tax or other applicable laws/ regulations dealing with taxes/duties/levies (hereinafter referred to as "Tax laws") shall be to the account of the Resulting Company.

9.2 Upon the Scheme becoming effective, all taxes (including tax deduction at source, advance tax payments), cess, duties and liabilities (direct and indirect), paid or payable by the

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Demerged Company for the period falling after the Appointed Date in relation to the Demerged Undertaking, shall, for all purposes, be treated as taxes, cess, duties and liabilities, as the case may be, paid by the Resulting Company.

9.3 Upon the Scheme becoming effective, notwithstanding anything to the contrary contained in the provisions of this Scheme, unabsorbed tax depreciation, carry forward tax losses, minimum alternate tax credit, if any, as on the Appointed Date of the Demerged Company in relation to the Demerged Undertaking, shall for all purposes, be treated as of the Resulting Company.

9.4 In relation to the Demerged Undertaking, the Demerged Company and the Resulting Company shall be entitled to, amongst others, file/or revise its financial statements and income-tax returns, TDS/TCS returns, wealth-tax returns, service tax, excise duty, sales tax, value added tax, entry tax, cess, professional tax or any other statutory returns, if required, credit for advance tax paid, tax deducted at source, claim for sum prescribed under section 43B of the Income tax Act 1961 on payment basis, claim for deduction of provisions written back by Resulting Company previously disallowed in the hands of the Demerged Company under the Income-tax Act 1961, credit of tax under section 115JB read with section 115JAA of the Income-tax Act 1961, credit of foreign taxes paid/withheld, if any, for the period starting with the Appointed Date, pertaining to Demerged Company as may be required consequent to implementation of the Scheme and where necessary to give effect to the Scheme, even if the prescribed time limit for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum. The Resulting Company shall have the right to claim refunds, tax credits, set offs and/or adjustments relating to the income or transactions entered by them by virtue of the Scheme with effect from the Appointed Date.

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9.5 All Tax assessment proceedings and appeals of whatsoever nature by or against the Demerged Company in relation to the Demerged Undertaking before the Appointed Date shall be on account of the Demerged Company and in so far as it relates to a period after the Appointed Date, it shall be continued and/or enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company and shall be dealt with in a similar manner as has been prescribed in Clause 6.5 above. Further, the aforementioned proceedings shall neither abate or be discontinued nor be in any way prejudicially affected by reason of the demerger of the Demerged Undertaking into the Resulting Company or anything contained in this Scheme;

If the Resulting Company is in receipt of any incentives, refunds, credits, benefits or likewise, in relation to the Demerged Undertaking, and pertaining to the period prior to the Appointed Date, the Resulting Company shall take all steps to pass on such incentives, refunds, credits, benefits etc to the Demerged Company.

9.6 Without prejudice to the generality of the above, all benefits, incentives, claims, losses, credits (including service Tax, excise duty, goods and applicable state value added Tax) to which the Demerged Company is entitled to in relation to the Demerged Undertaking in terms of the applicable Tax laws, shall be available to and vest in the Resulting Company from the Effective Date.

9.7 All the expenses incurred by the Demerged Company and the Resulting Company in relation to the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company in accordance with this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Resulting Company in accordance with section 35DD of the Income-tax Act, 1961 over a period of five (5) years beginning with the financial year in which this Scheme becomes effective.

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10. INTER-SE TRANSACTIONS

With effect from the Effective Date, all *inter-se* contracts solely between the Demerged Company and the Resulting Company in relation to the Demerged Undertaking, if any, shall stand cancelled and cease to operate, and appropriate effect shall be given to such cancellation and cessation in the books of accounts and records of the Resulting Company.

11. CONSIDERATION

11.1 Upon the Scheme becoming effective and upon the demerger of the Demerged Undertaking of the Demerged Company with the Resulting Company in terms of this Scheme, the Resulting Company shall, subject to regulatory approval, if any, issue and allot shares to the eligible shareholders of the Demerged Company whose name appears in the register of members of the Demerged Company as on the Record Date as may be stipulated by the Board of Directors of the Demerged Company or to such of their heirs, executors, administrators or as the case may be, successors and who produce details of their account with a depository participant to the Resulting Company within 15 days from the Record Date, in the following proportion:

"81 (Eighty One) 6% CRPS of the Resulting Company of Rs. 10 (Rupees Ten Only) each fully paid up, which will be redeemable subject to the terms specified in Annexure to the Scheme shall be issued and allotted for every 100 (One Hundred) equity share of the Demerged Company of the face value of Rs. 10/- (Rupees Ten Only) each fully paid"

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11.2 Incase if the eligible shareholders cannot be allotted CRPS due to any regulatory constraints, then the Resulting Company shall, subject to applicable regulations, pay cash equivalent to the face value of the CRPS proposed to be issued to such shareholder as per Clause 11.1 above (after deducting such taxes as may be applicable). For this purpose, if considered necessary, the Resulting Company shall allot the CRPS to the trustee (to be appointed by the Board of Directors of the Resulting Company), which shall take steps to sell / transfer the same and make payment to the shareholders (after deducting such taxes as may be applicable).

11.3 If any shareholder of the Demerged Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of shares by the Resulting Company in accordance with this Scheme, the Board of the Resulting Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated shares directly to an individual trust or a board of trustees or a corporate trustee or a SEBI registered merchant banker nominated by the Resulting Company (the "Trustee"), who shall hold such shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such shares to any buyer(s) at such price or prices and on such time or times within 60 (sixty) days from the date of allotment, as the Trustee may in its sole discretion decide and on such sale, pay to the Resulting Company, the net sale proceeds (after deduction of applicable taxes and costs incurred) thereof and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.

11.4 In the event of any increase in the issued, subscribed or paid up share capital of the Demerged Company or issuance of any instruments convertible into equity shares or

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restructuring of their respective equity share capital including by way of share split/ consolidation/ issue of bonus shares, free distribution of shares or instruments convertible into equity shares or other similar action in relation to the share capital of the Demerged Company at any time before the Record Date, the share exchange ratio shall be adjusted appropriately to take into account the effect of such issuance or corporate actions and assuming conversion of any such issued instruments convertible into equity shares.

11.5 The Resulting Company shall take necessary steps to increase or alter or re-classify, if necessary, its authorized share capital suitably to enable it to issue and allot the shares required to be issued and allotted by it under this Scheme.

11.6 The shares to be issued and allotted as above shall be subject to and in accordance with the Memorandum and Articles of Association of the Resulting Company.

11.7 The shares issued and allotted by the Resulting Company in terms of this Scheme shall rank *pari-passu* in all respects with the same class of existing shares of the Resulting Company.

11.8 The approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be due compliance of the relevant provisions of Act and all the other relevant and applicable provisions of the Act for the issue and allotment of shares by the Resulting Company to the shareholders of the Resulting Company, as provided in this Scheme.

11.9 Subject to Applicable Laws, the shares of the Resulting Company that are to be issued in terms of this Scheme shall be issued in dematerialised form. The eligible shareholders of the Demerged Company shall provide such confirmation, information and details as may be required including details of their account with a depository participant to the Resulting Company to enable it to issue the aforementioned shares.

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11.10 The shares to be issued by the Resulting Company as per Clause 11.1 above, in respect of the shares of the Demerged Company, the allotment or transfer of which is held in abeyance under Applicable Law shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Resulting Company.

12. ACCOUNTING TREATMENT

12.1 In the books of Demerged Company

12.1.1 The Demerged Company shall reduce the carrying values of all the assets and liabilities pertaining to the Demerged Undertaking as on the Appointed Date from its books of accounts.

12.1.2 The difference between the carrying values of the assets and the carrying values of the liabilities pertaining to the Demerged Undertaking shall be debited to Capital Reserve as appearing in the books of the Demerged Company.

12.2 In the books of Resulting Company

Notwithstanding anything to the contrary contained herein, the Resulting Company shall give effect to the scheme of arrangement in its books of accounts in accordance with Appendix C of Indian Accounting Standard 103, Business Combinations and other accounting principles prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) as notified under Section 133 of the Companies Act, 2013 and on the date determined in accordance with Ind AS. It is clarified that the separate financial statements of the Resulting Company shall be restated (including comparative period

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presented in the financial statements) from the beginning of the preceding period in the financial statements as required by Appendix C of Ind AS 103.

13. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

13.1 With effect from the Appointed Date and up to and including the Effective Date:

13.1.1 The Demerged Company shall carry on and shall be deemed to have carried on its business and activities in relation to the Demerged Undertaking and shall stand possessed of its entire business and undertakings in relation to the Demerged Undertaking, in trust for the Resulting Company. The Demerged Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.

13.1.2 All the income or profits accruing or arising to the Demerged Company in relation to the Demerged Undertaking and all costs, charges, expenses or losses incurred by the Demerged Company in relation to the Demerged Undertaking shall, for all purposes, be treated the income, profits, costs, charges, expenses and losses as the case may be of the Resulting Company.

13.1.3 The Demerged Company shall not utilize the profits or income, if any, relating to the Demerged Undertaking for the purpose of declaring or paying any dividend or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of the Resulting Company, unless the same is in lines with the business requirements of the Demerged Undertaking.

13.1.4 The Demerged Company shall not without the prior written consent of the Board of Directors of the Resulting Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal

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with or dispose of the undertaking relating to Demerged Undertaking or any part thereof except in the ordinary course of its business.

13.1.5 The Demerged Company shall carry on its business and activities in relation to the Demerged Undertaking with reasonable diligence and business prudence in the ordinary course consistent with past practice in good faith and in accordance with Applicable Law.

13.1.6 The Demerged Company shall not vary the terms and conditions of employment of any of the employees in relation to the Demerged Undertaking except in the ordinary course of business or without the prior consent of the Resulting Company or pursuant to any pre-existing obligation undertaken by the Demerged Company as the case may be, prior to the Appointed Date.

13.1.7 The Demerged Company shall not enter into any contract, deed, bond, agreement or any other instrument in relation to the Demerged Undertaking, which is not in lines with business requirements of the Demerged Undertaking without consulting the Resulting Company.

13.2 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions in relation to the Demerged Undertaking, which the Resulting Company may require pursuant to this Scheme in relation to the Demerged Undertaking.

14. RESIDUAL UNDERTAKING

14.1 The Residual Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.

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14.2 All legal, taxation or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date, and relating to the Residual Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Residual Undertaking) shall be continued and enforced by or against the Demerged Company (or successor thereof). The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company (or successor thereof).

15. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 5 above and the continuance of proceedings by or against the Demerged Company in relation to the Demerged Undertaking under Clause 6 above and effectiveness of contracts and deeds under Clause 7 shall not affect any transaction or proceedings in relation to the Demerged Undertaking already concluded by the Demerged Company on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in relation to the Demerged Undertaking in respect thereto as done and executed on behalf of the Resulting Company.

16. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of this Scheme, the limits of the Resulting Company in terms of Section 180(1)(c) and Section 186(2) of the Act shall be deemed, without any further act or deed, to have been enhanced by the aggregate limits of the Demerged Company

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pursuant to the Scheme with effect from the Appointed Date.

17. PROFITS AND DIVIDENDS

17.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, to their respective shareholders in respect of the accounting period ending on March 31, 2021 consistent with the past practice or in ordinary course of business, whether interim or final.

17.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Demerged Company and the Resulting Company to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of the Demerged Company and the Resulting Company as the case may be, and subject to approval, if required, of the shareholders of the Demerged Company and the Resulting Company as the case may be.

18. INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE RESULTING COMPANY

18.1 With effect from the Appointed Date and upon the Scheme becoming effective, the authorized share capital of the Resulting Company as detailed in Clause 4.2 of this Scheme shall be increased from the present authorised share capital of Rs. 250,05,00,000 (Rupees Two Hundred Fifty Crore Five Lakh Only), divided into 30,41,00,000 (Thirty Crores Forty One Lakh) equity shares of Rs. 5 (Rupees Five Only) each and 9,80,00,000 (Nine Crore Eighty Lakh) Preference shares of Rs. 10 (Rupees Ten only) each to Rs. 5,520,500,000 (Rupees Five Hundred Fifty Two Crores Five Lakh Only), divided into 30,41,00,000 (Thirty Crores Forty One Lakh) equity shares of Rs. 5 (Rupees Five Only) each and

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400,000,000 (Forty Crore) Preference shares of Rs.10 (Rupees Ten only) each, without any liability for payment of any additional fees (including fees and charges to the relevant Registrar of Companies) or stamp duty.

18.2 Consequently, Clause V of the Memorandum of Association of the Resulting Company shall without any act, instrument or deed be and stand altered, modified and substituted pursuant to Section 13 of the Act and Section 230-232 and other applicable provisions of the Act, as set out below:

"The Authorized Share Capital of the Company is Rs.5,520,500,0000/- (Rupees Five Hundred Fifty Two Crores Five Lakh Only) divided into 30,41,00,000 (Thirty Crores Forty One Lakh) equity shares of Rs. 5 (Rupees Five Only) each and 400,000,000 (Forty Crore) Preference shares of Rs.10 (Rupees Ten only) each."

18.3 The Resulting Company shall file requisite returns with the jurisdictional Registrar of Companies in relation to such increase in the authorized capital. It is clarified that the approval of the shareholders of the Resulting Company to the Scheme shall be deemed to be their consent / approval to such increase in the authorized capital of the Resulting Company under the Act and also to the consequential alteration of the Memorandum and Articles of Association of the Resulting Company and the Resulting Company shall not be required to seek separate consent / approval of its shareholders for such increase in the authorized capital of the Resulting Company and such alteration of the Memorandum and Articles of Association of the Resulting Company as required under the Act.

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PART C
GENERAL TERMS AND CONDITIONS

19. APPLICATION TO NCLT

The Demerged Company and the Resulting Company shall make Applications / Petitions under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to NCLT for sanction of this Scheme under the provisions of the Act.

20. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Demerged Company and the Resulting Company with approval of their respective Board of Directors may consent, from time to time, on behalf of all persons concerned, to any modifications / amendments or additions / deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Board of Directors to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or limitations that NCLT or any other authorities under law may deem fit to approve of, to direct and / or impose. The aforesaid powers of the Demerged Company and the Resulting Company to give effect to the modification / amendments to the Scheme may be exercised by their respective Board of Directors or any person authorised in that behalf by the concerned Board of Directors subject to approval of NCLT or any other authorities under the applicable law.

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21. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

i. The requisite sanctions and approvals of all government, statutory, regulatory, judicial or other authority as may be necessary, and any consents, no-objection confirmations or approvals of the Stock Exchange, in respect of the Scheme being obtained;

ii. Approval of the Scheme by the requisite majority in number and value of such class of persons including the respective members and/or creditors of the Demerged Company and the Resulting Company as required under the Act and as may be directed by NCLT;

iii. Approval of the shareholders of the Demerged Company and the Resulting Company through e-voting and/ or postal ballot and/or physical meeting and/ or any other mode as may be required under any Applicable Law. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders of the Resulting Company, against it as required under the SEBI Scheme Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957; and

iv. The sanction to the Scheme by NCLT under Sections 230 to 232 of the Act.

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22. EFFECT OF NON-RECEIPT OF APPROVALS AND MATTERS RELATING TO REVOCATION / WITHDRAWAL OF THE SCHEME

22.1 In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/ or the Scheme not being sanctioned by NCLT or such other competent authority and / or the Order not being passed as aforesaid within such period or periods as may be agreed upon between the Demerged Company and the Resulting Company by their Boards of Directors (and which the Boards of Directors of the Companies are hereby empowered and authorized to agree to and extend the Scheme from time to time without any limitation) this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

22.2 In the event of revocation/withdrawal under Clause 22.1 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, the Demerged Company and the Resulting Company and shall bear its own costs, unless otherwise mutually agreed.

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23. COSTS, CHARGES & EXPENSES

Stamp duty and similar transfer duties payable in respect of this Scheme shall be borne by the Resulting Company. All other costs, charges and expenses of the Demerged Company and the Resulting Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the respective companies.

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Annexure

Terms and Conditions of Cumulative Redeemable Preference Shares

Issuer	Welspun Corp Limited
Instrument	Cumulative Redeemable Preference Shares which shall be unlisted
Face value	Rs. 10
Coupon Rate	6% p.a.
Redemption	Redeemable, at face value, at the option of the holder upon the expiry of 18 months from the date of issue

For **Welspun Corp Limited**

Pradeep Joshi
Company Secretary and Compliance Officer
FCS-4959

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